

State of Iowa
Projected Condition of the General Fund Budget
(In Millions)

| | Actual | Estimated | LSA |
|---|-------------------|--------------------|-------------------------|
| | FY 2018 | FY 2019 | Projection |
| | | | FY 2020 |
| Funds Available: | | | |
| Net Receipts | \$ 7,383.9 | \$ 7,728.6 | \$ 7,868.4 |
| Surplus Carryforward | 0.0 | 79.2 | 184.7 |
| Total Funds Available | \$ 7,383.9 | \$ 7,807.8 | \$ 8,053.1 |
| Expenditure Limitation | | | \$ 7,974.4 |
| Estimated Appropriations and Expenditures: | | | |
| Enacted Appropriations/FY 2020 Baseline | \$ 7,268.6 | \$ 7,480.2 | \$ 7,473.3 ³ |
| Adjustments to Standings | 15.8 | - 6.9 ¹ | 0.0 |
| Supplemental/Deappropriations | - 23.3 | 64.3 ² | 0.0 |
| Built-In and Anticipated Increases | 0.0 | 0.0 | 30.7 |
| Total Appropriations | \$ 7,261.1 | \$ 7,537.6 | \$ 7,504.0 |
| Reversions | - 4.5 | - 5.2 | - 5.0 |
| Net Appropriations | \$ 7,256.6 | \$ 7,532.4 | \$ 7,499.0 |
| Ending Balance – Surplus | \$ 127.3 | \$ 275.4 | \$ 554.1 |
| <i>Under (Over) Expenditure Limitation</i> | | | \$ 470.4 |

¹ The FY 2019 appropriation for State Aid to Schools was adjusted by \$ -6.9 million to reflect changes in various factors that comprise the School Aid formula including enrollment, property valuations, and special education.

² The State executed new contracts with the Medicaid managed care providers that will result in an increased cost of \$103.0 million for FY 2019. To fund the increase, it is assumed that a supplemental appropriation of \$64.3 million will be needed to fully fund the Program in FY 2019.

³ The FY 2020 Baseline appropriation is equal to the FY 2019 enacted appropriations plus the FY 2019 adjustments to standings.

State of Iowa Reserve Funds

(In Millions)

| | Actual | Estimated | LSA Projection |
|-------------------------------------|------------------------|------------------------|------------------------|
| | FY 2018 | FY 2019 | FY 2020 |
| <u>Cash Reserve Fund</u> | | | |
| Funds Available | | | |
| Balance Brought Forward | \$ 422.4 | \$ 442.4 | \$ 571.6 |
| General Fund Transfer from Surplus | 0.0 | 127.3 | 275.4 |
| Special General Fund Appropriation | 20.0 | 113.1 | 0.0 |
| Total Funds Available | <u>\$ 442.4</u> | <u>\$ 682.8</u> | <u>\$ 847.0</u> |
| Transfer to Economic Emergency Fund | 0.0 | -111.2 | -256.9 |
| Balance | <u>\$ 442.4</u> | <u>\$ 571.6</u> | <u>\$ 590.1</u> |
| <i>Maximum 7.5%</i> | \$ 552.8 | \$ 571.6 | \$ 590.1 |

Economic Emergency Fund

| | | | |
|---|------------------------|------------------------|------------------------|
| Funds Available | | | |
| Balance Brought Forward | \$ 182.9 | \$ 177.9 | \$ 190.5 |
| Excess from Cash Reserve | 0.0 | 111.2 | 256.9 |
| Executive Council – Performance of Duty | -18.0 | -6.0 | -6.0 |
| Transfers to and from the General Fund | 13.0 | 0.0 | 0.0 |
| Total Funds Available | <u>\$ 177.9</u> | <u>\$ 283.1</u> | <u>\$ 441.4</u> |
| Excess Surplus | \$ 0.0 | \$ -92.6 | \$ -244.7 |
| Balance | <u>\$ 177.9</u> | <u>\$ 190.5</u> | <u>\$ 196.7</u> |
| <i>Maximum 2.5%</i> | \$ 184.3 | \$ 190.5 | \$ 196.7 |

Distribution of Excess Surplus

| | | | |
|----------------------------------|----------------------|-----------------------|------------------------|
| Transfer to General Fund | \$ 0.0 | \$ 79.2 | \$ 184.7 |
| Transfer to Taxpayer Relief Fund | 0.0 | 13.4 | 60.0 |
| Total | <u>\$ 0.0</u> | <u>\$ 92.6</u> | <u>\$ 244.7</u> |

Combined Reserve Fund Balances

| | | | |
|-------------------------|------------------------|------------------------|------------------------|
| Cash Reserve Fund | \$ 442.4 | \$ 571.6 | \$ 590.1 |
| Economic Emergency Fund | 177.9 | 190.5 | 196.7 |
| Total | <u>\$ 620.3</u> | <u>\$ 762.1</u> | <u>\$ 786.8</u> |

FY 2020 General Fund Built-In and Anticipated Expenditures
December 2018
(In Millions)

| | <u>LSA</u> <u>Estimate</u> |
|--|-------------------------------|
| <u>Built-in Changes</u> | |
| 1. Human Services – Medical Assistance | \$ 79.2 |
| 2. Management – Technology Reinvestment Fund | 17.5 |
| 3. Education – Instructional Support Program | 14.8 |
| 4. Human Services – hawk-i | 12.0 |
| 5. Education – K-12 School Foundation Aid | 6.1 |
| 6. Human Services – Adoption Subsidy | 3.6 |
| 7. Management – State Appeal Board Claims | 2.9 |
| 8. College Aid – College Work Study Standing | 2.8 |
| 9. Education – Nonpublic School Transportation | 2.0 |
| 10. Human Services – Child and Family Services | 1.4 |
| 11. Economic Development Authority – World Food Prize | 0.6 |
| 12. Economic Development Authority – Tourism Marketing | 0.3 |
| 13. Cultural Affairs – County Endowment Fund | 0.1 |
| 14. Management – Transportation Equity Fund | -11.2 |
| 15. Management – FY 2019 One-time Cash Reserve Appropriation | -113.1 |
| Subtotal | <u>\$ 19.0</u> |
| <u>Anticipated Expenditure Changes</u> | |
| 16. Management – Salary Adjustment | \$ 8.3 |
| 17. Human Services – Adoption Subsidy Program | 2.9 |
| 18. Corrections – Pharmaceutical Costs at Oakdale | 0.5 |
| Subtotal | <u>\$ 11.7</u> |
| Total | <u>\$ 30.7</u> |

State of Iowa
Adjusted Revenue Estimate
and Reserve Fund Goal Calculations

(In Millions)

| | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> | <u>FY 2020</u> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| REC Estimate | \$ 7,357.4 | \$ 7,364.5 | \$ 7,527.0 | \$ 7,868.4 |
| Revenue Adjustments | 22.6 | 6.0 | 94.9 | 0.0 |
| Adjusted Revenue Estimate | <u>\$ 7,380.0</u> | <u>\$ 7,370.5</u> | <u>\$ 7,621.9</u> | <u>\$ 7,868.4</u> |
| <u>Reserve Fund Goals</u> | | | | |
| Cash Reserve Fund | \$ 553.5 | \$ 552.8 | \$ 571.6 | \$ 590.1 |
| <i>Statutory Percentage</i> | 7.5% | 7.5% | 7.5% | 7.5% |
| Economic Emergency Fund | 184.5 | 184.3 | 190.5 | 196.7 |
| <i>Statutory Percentage</i> | 2.5% | 2.5% | 2.5% | 2.5% |
| Total | <u>\$ 738.0</u> | <u>\$ 737.1</u> | <u>\$ 762.1</u> | <u>\$ 786.8</u> |

Taxpayer Relief Fund

(In Millions)

| | <u>Actual FY 2018</u> | <u>Estimated FY 2019</u> | <u>Estimated FY 2020</u> |
|-------------------------------|---------------------------|------------------------------|------------------------------|
| Funds Available | | | |
| Balance Brought Forward | \$ 8.3 | \$ 8.4 | \$ 13.4 |
| General Fund Surplus Transfer | 0.0 | 13.4 | 60.0 |
| Interest | 0.1 | 0.0 | 0.0 |
| Total Funds Available | <u>\$ 8.4</u> | <u>\$ 21.8</u> | <u>\$ 73.4</u> |
| Expenditures | | | |
| Transfer to the General Fund | \$ 0.0 | \$ - 8.4 | \$ 0.0 |
| Reversion of Tax Credit Fund | 0.0 | 0.0 | 0.0 |
| Ending Balance | <u>\$ 8.4</u> | <u>\$ 13.4</u> | <u>\$ 73.4</u> |

Taxpayer Relief Fund Calculation

Calculation for Surplus Allocation

(In Millions)

| | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> |
|---------------------------------------|-------------------|----------------|-----------------|
| Net General Fund Receipts Actual/Est. | \$ 7,240.0 | \$ 7,383.9 | \$ 7,728.6 * |
| Adjusted Revenue Estimate | - 7,380.0 | - 7,370.5 | - 7,621.9 |
| Difference | <u>\$ - 140.0</u> | <u>\$ 13.4</u> | <u>\$ 106.7</u> |

Notes:

The calculation to determine the transfer of excess General Fund surplus dollars to the Taxpayer Relief Fund is determined by subtracting the adjusted revenue estimate for the previous fiscal year from the year-end actual net General Fund receipts of the previous fiscal year. If the result is positive, up to \$60.0 million is transferred to the Taxpayer Relief Fund. The \$60.0 million transfer limit is repealed beginning in FY 2021.

* FY 2019 net General Fund receipts number is based on the Revenue Estimating Conference (REC) estimate from December 2018.

State Tax Credit Expected Claims Projection

(In Millions)

| Tax Credit Program | Actual FY 2018 | Est FY 2019 | Est FY 2020 |
|--|---------------------------|------------------------|------------------------|
| <u>Capped Programs</u> | | | |
| Historic Preservation and Cultural and Entertain. Dist. Tax Credit | \$ 60.5 | \$ 60.9 | \$ 64.1 |
| High Quality Jobs Program | 37.5 | 53.4 | 47.0 |
| Workforce Housing Tax Incentive Program | 9.0 | 17.9 | 18.7 |
| School Tuition Organization Tax Credit | 11.4 | 11.5 | 12.2 |
| Enterprise Zone Program – Housing Component | 8.0 | 10.0 | 3.7 |
| All Other Programs | 35.0 | 45.6 | 42.1 |
| Total Capped Programs | <u>\$ 161.3</u> | <u>\$ 199.2</u> | <u>\$ 187.9</u> |
| <u>Uncapped Programs</u> | | | |
| Earned Income Tax Credit | \$ 69.6 | \$ 70.3 | \$ 71.6 |
| Research Activities Tax Credit | 68.1 | 61.9 | 61.6 |
| Iowa Industrial New Jobs Training Program (260E) | 37.1 | 43.7 | 42.8 |
| Biodiesel Blended Fuel Tax Credit | 17.4 | 19.6 | 22.2 |
| Tuition and Textbook Tax Credit | 14.9 | 14.8 | 14.9 |
| All Other Programs | 22.7 | 29.8 | 25.7 |
| Total Uncapped Programs | <u>\$ 229.9</u> | <u>\$ 240.2</u> | <u>\$ 238.9</u> |
| Tax Credit Program Total | <u>\$ 391.2</u> | <u>\$ 439.4</u> | <u>\$ 426.8</u> |

Notes:

These estimates are based on the Tax Credit Expected Claims Projection published by the Department of Revenue in December 2018 in the Tax Credits Contingent Liabilities Report. The table above reflects the tax credits that are likely to be claimed in a given fiscal year based on previous year.

The numbers may not equal totals due to rounding.